EXHIBIT 1

https://www.wsj.com/articles/reality-bytes-a-highflying-chinese-tech-entrepreneur-falls-back-to-earth-1499337030

CHINA CIRCUIT

Reality Bytes: A Highflying Tech Entrepreneur Crashes Back to Earth

Founder Jia Yueting's dreams fade as most of LeEco Holdings' deals are dead or struggling

Jia Yueting, founder and chief executive of LeEco, in Las Vegas in January. **PHOTO:** BLOOMBERG NEWS

By Li Yuan

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Entrepreneur Jia Yueting likes to say that Apple Inc. AAPL **0.79%** ▲ is outdated, China's big technology companies are innovation-killing monopolies and his company, LeEco Holdings, is the real industry disrupter.

That swagger served Mr. Jia in building an empire that sprawled across seven industries, from online video content to smartphones to electric cars. By having the ambition to take on Apple, Tesla Inc. TSLA **2.36%** ▲ and Netflix Inc. NFLX **0.90%** ▲ all at once, Mr. Jia seemed to embody the boundless promise of the huge China market. And investors responded favorably.

Deal makers like HNA Capital and Legend Holdings 3396 **-1.59%** ▼ bought in, as did the city government of tech hub Shenzhen, as well as movie director Zhang Yimou and other celebrities. British sports car maker Aston Martin joined up to develop electric vehicles. The U.S. state of Nevada promised $200 million in incentives for Mr. Jia's electric car venture, Faraday Futures

Inc., to build a $1 billion plant there. And LeEco unveiled a $2 billion deal to buy U.S. TV-maker Vizio Inc.

Now, most of those deals are dead or struggling and Mr. Jia's dreams are fading away due to a cash crunch and worried creditors.

On Thursday he resigned as chairman of a listed unit of LeEco, Leshi Internet Information & Technology Corp., though he will remain the chairman of the holding company. That move comes after a Shanghai court last week—at the behest of China Merchants Bank Co. —froze $181 million worth of his assets and $2 billion in shares over a missed interest payment.

Rather than being a shining star of visionary entrepreneurship, LeEco is turning into a cautionary tale of the hype surrounding China tech. The lesson for investors: When it comes to Chinese tech companies, the rules of economics still apply.

LeEco's overexpansion and financial problems were well-known in investment circles. Mr. Jia said publicly that his company was perpetually short of cash. Some investors marveled at his ability to spin attractive narratives that boosted the stock prices and private funding valuations of his ventures.

Zhang Yiming, managing director of private-equity firm Commando Capital in Beijing, has likened Mr. Jia's funding methods to "wire-walking between cliffs."

"Many people in the capital market view him as a fraud because his new businesses are burning a lot of cash but he just keeps telling new stories. As long as 10 out of 100 people believe him, he will have investors," Mr. Zhang told me in an interview last year.

Mr. Zhang said he holds the same view now but doesn't want to say more for fear of being seen as trashing Mr. Jia at a difficult time.

In a letter posted on his official social media account Thursday, Mr. Jia noted that he is still LeEco Holdings' biggest shareholder and he promised to repay loans and overdue payments—if creditors give the company more time.

The fall of LeEco does not come as a surprise. When you use hype to stretch reality, reality usually wins.

—Jay Zhao, partner at Walden Venture Capital

"Please give LeEco some time, please give LeEco car some time, we will pay back creditors, suppliers and any other debts," Mr. Jia wrote. Neither LeEco nor Mr. Jia responded to requests for comment Thursday.

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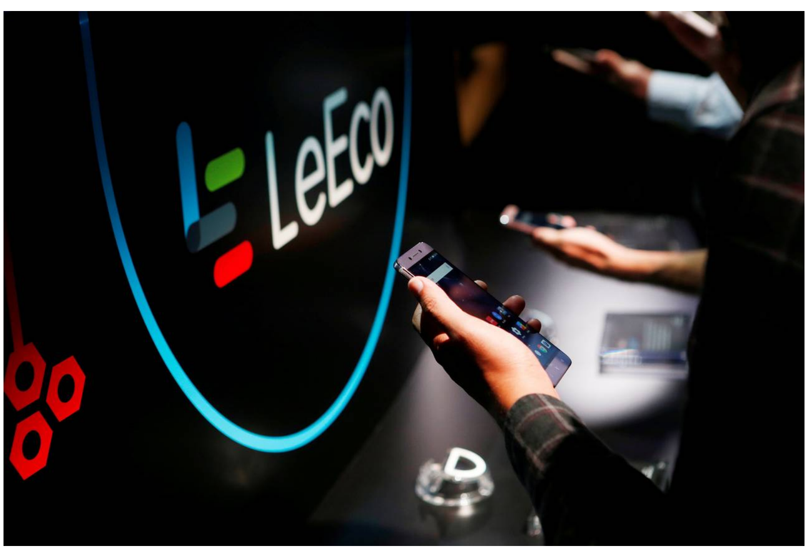
Aston Martin says its partnership with LeEco didn't carry any financial or technical liabilities for itself. Vizio didn't respond to requests for comment. Nevada's state treasurer's office didn't respond to a request for comment, though it has said no state bonds will be issued until Faraday proves it can finance the project.

China's tech boom has been looking like a bubble for some time, with vast pools of investment flooding into new ventures since the old manufacture-and-export economy started slowing. Tech blogs, many of them backed by venture capital funds, have churned out hosannas about these new ventures. Among the recent darlings: platforms to share bikes, umbrellas and battery packs to recharge mobile phones.

"People are saying that LeEco is a fraud, a Ponzi scheme. But what about the many bike-sharing and power bank-sharing ventures? Are their stories more credible?" says a midlevel LeEco executive who's leaving the company.

Started as a video site in 2004, LeEco wasn't well-known until it became the most valuable internet stock in China's A-share market during the bull run of 2015. Mr. Jia adopted the look of Apple's Steve Jobs —jeans, black turtleneck—and hosted flashy product launches for his TVs and smartphones.

In explaining his vision, Mr. Jia frequently talked about building an ecosystem for consumers that delivered content—from film and online entertainment to sports—and hardware: smartphones, TVs or cars. The result, he explained, would be a "chemical reaction" among the units, propelling each other's businesses.



LeEco's Le Pro3 phone, on display at an event in San Francisco last year. PHOTO: REUTERS

Those synergies failed to materialize and the rapid expansion led to the cash shortage. How much debt LeEco has piled up isn't publicly known. Its listed video business is the only profitable unit, while its smart TV is its sole product that leads in market share. Its other businesses, especially the two electric car ventures, burn cash.

The 15 billion yuan ($2.2 billion) that a white knight—in the form of a real-estate developer—pumped into LeEco in January wasn't enough, though the sum was plowed into repaying loans.

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At a January news conference, the investor said Mr. Jia didn't know how much money he'd spent.

"The fall of LeEco does not come as a surprise. When you use hype to stretch reality, reality usually wins." says Jay Zhao, a partner at San Francisco-based Walden Venture Capital, which is considering investing in Chinese startups and taking on Chinese investors. "It's a painful lesson for all that investors should be very cautious chasing shiny objects. No matter who brings those to you."

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